

AMENDED IN SENATE APRIL 21, 2003

**SENATE BILL**

**No. 379**

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**Introduced by Senator Ortiz**

February 19, 2003

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An act to add Article 3 (commencing with Section 127400) to Chapter 2 of Part 2 of Division 107 of the Health and Safety Code, relating to hospitals.

LEGISLATIVE COUNSEL'S DIGEST

SB 379, as amended, Ortiz. Statewide health planning and development: hospitals: charity care *and reduced payment* policies.

Existing law provides for the Office of Statewide Health Planning and Development, which is charged with enforcement of various provisions of law relating to health facilities, including hospitals, as defined.

This bill would require each general acute care hospital, acute psychiatric hospital, and special hospital to develop a charity care *and reduced payment* policy, as defined, specifying the financial criteria and procedure used by the hospital to determine whether a patient is eligible for defined charity care *or reduced payment*, in accordance with requirements established by the office. It would require each hospital to perform various functions in this regard, including notifying patients of the hospital's charity care *and reduced payment* policy in a language-appropriate manner.

The bill would require the office to develop a uniform charity care *and reduced payment* application to be used by all hospitals, in consultation with interested parties.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Article 3 (commencing with Section 127400) is added to Chapter 2 of Part 2 of Division 107 of the Health and Safety Code, to read:

Article 3. Charity Care Policies

127400. As used in this article, the following terms have the following meanings:

~~(a) “Charity care” means medical treatment and diagnostic services delivered by a hospital for which a third-party payer is not responsible and for which the patient has the inability to pay. Charity care shall not include bad debt, debt that has been referred to collections, contractual shortfalls from government programs, or care paid for by private third parties, except for copayments or deductibles, or both. Community benefits provided by private nonprofit hospitals pursuant to Article 2 (commencing with Section 127340) may include charity care as a benefit to the community.~~

~~(b)~~

(a) “Charity care *and reduced payment* application” means the uniform statewide charity care *and reduced payment* application developed by the Office of Statewide Health Planning and Development pursuant to Section 127415.

~~(c)~~

(b) “Charity care *and reduced payment* policy” means the financial criteria and the procedure used by a hospital to determine whether a patient is eligible for charity care *or reduced payment* pursuant to Section 127405, the process by which the hospital reviews its charity care *and reduced payment* decisions, and the reduced payment schedule adopted by the hospital.

~~(d)~~

(c) “Hospital” means any facility that is required to be licensed under subdivision (a), (b), or (f) of Section 1250.

~~(e)~~

(d) “Office” means the Office of Statewide Health Planning and Development.

~~(f)~~

1 (e) “Reduced payment schedule” means a  
2 ~~hospital-determined~~ payment schedule that is arranged with a  
3 person deemed eligible by the hospital for reduced cost care.

4 ~~(g)–~~

5 (f) “Uninsured” means a person who does not have health  
6 insurance and is not currently covered by any third-party payer  
7 program.

8 ~~(h)–~~

9 (g) “Underinsured” means a person whose deductibles,  
10 copayments, or medical or hospital bills after payment by  
11 third-party payers exceed the patient’s ability to pay as determined  
12 in accordance with the hospital’s charity care *and reduced payment*  
13 policy.

14 127405. Each hospital shall develop a charity care *and*  
15 *reduced payment* policy that is in accordance with the  
16 requirements established by the office.

17 127410. (a) Each hospital shall provide patients with oral and  
18 written notice of the hospital’s charity care ~~policy in accordance~~  
19 ~~with Section 1259 and reduced payment policy~~ if clinically  
20 appropriate at the time of admission, and during the discharge  
21 process, in a manner similar to that required pursuant to Section  
22 12693.30 of the Insurance Code ~~under the Healthy Families~~  
23 ~~Program and consistent with the requirements of state and federal~~  
24 ~~law. Code.~~ All written correspondence to the patient required by  
25 this article shall also be language appropriate ~~and shall be in~~  
26 ~~accordance with Section 1259, the relevant requirements of the~~  
27 ~~Healthy Families Program, and consistent with the requirements~~  
28 ~~of state and federal law. appropriate.~~

29 (b) A general description of the hospital’s charity care *and*  
30 *reduced payment* policy shall be clearly and conspicuously posted  
31 in locations that are visible to the public, including, but not limited  
32 to, all of the following:

33 (1) Emergency department, if any.

34 (2) Billing office.

35 (3) Waiting rooms.

36 (4) Any other location determined by the office to ensure that  
37 all patients are informed of the policy and informed about how to  
38 obtain a copy of the policy and related information.

39 (c) The general description described in subdivision (b) shall  
40 include, but not be limited to, all of the following:

1 (1) A description of the types of services that are provided.

2 (2) A description of the financial criteria used to determine  
3 *eligibility for charity care and reduced payment.*

4 (3) Information about the hospital's reduced payment  
5 schedule.

6 (4) A statement inviting comments and complaints regarding  
7 the hospital's policy, including directions on how to submit  
8 comments.

9 127415. The office, in consultation with interested parties,  
10 shall develop a uniform charity care *and reduced payment*  
11 application to be used by all hospitals. In developing the  
12 application, the office shall consider whether the application used  
13 for the Medi-Cal program and the Healthy Families Program can  
14 be used as or incorporated in the uniform charity care *and reduced*  
15 *payment* application.

16 127420. (a) *Each hospital shall attempt to obtain from the*  
17 *patient or his or her representative information about whether*  
18 *private or public health insurance or sponsorship may fully or*  
19 *partially cover the charges for care rendered by the hospital to a*  
20 *patient, including, but not limited to, any of the following:*

21 (1) *Private health insurance.*

22 (2) *Medicare.*

23 (3) *The Healthy Families Program.*

24 (4) *The Medi-Cal program.*

25 (5) *California Children's Services Program.*

26 (b) *As part of any billing to the patient, each hospital shall*  
27 *provide the patient with a clear and conspicuous notice that*  
28 *includes each of the following:*

29 (1) *A statement of charges for services rendered by the hospital.*

30 (2) *A request that the patient inform the hospital if the patient*  
31 *has health insurance coverage, or coverage under Medicare, the*  
32 *Healthy Families Program, the Medi-Cal program, or other*  
33 *coverage.*

34 (3) *A statement that if the consumer does not have health*  
35 *insurance coverage, he or she may be eligible for coverage under*  
36 *Medicare, the Healthy Families Program, the Medi-Cal program,*  
37 *the California Children's Services Program, or charity care or*  
38 *reduced payment.*

39 (4) *A statement indicating how patients may obtain*  
40 *applications for the Medi-Cal program and the Health Families*

1 *Program and that the hospital will provide these applications on*  
2 *request. If, at the time care is provided, the patient does not show*  
3 *proof of coverage by a third-party payer specified in subdivision*  
4 *(a), the hospital shall send an application for the Medi-Cal*  
5 *program and the Healthy Families Program to the patient. This*  
6 *application may accompany the billing or may be sent separately.*

7 *(5) Information regarding charity care and reduced payment*  
8 *application, including the hospital contact for additional*  
9 *information and a statement indicating how patients may obtain*  
10 *a charity care and reduced payment application from the hospital.*

11 *127425. In order to facilitate payment by public or private*  
12 *third-party payers, the hospital shall allow no less than 150 days*  
13 *prior to the commencement of collection activities. During this*  
14 *150-day period, the hospital may send a bill to the patient in*  
15 *accordance with law. In addition, the hospital shall do all of the*  
16 *following during this period:*

17 *(a) Attempt to negotiate a payment plan in accordance with this*  
18 *article.*

19 *(b) Attempt to collect payment from any responsible third-party*  
20 *payer, either public or private.*

21 *(c) Provide any information that may assist the patient in*  
22 *obtaining coverage through the Medi-Cal program or Healthy*  
23 *Families Program, or any other public program for which the*  
24 *patient may be eligible.*

25 *(d) Assist the patient in applying under its charity care and*  
26 *reduced payment policy.*

27 *(e) Attempt to make a final determination as to whether the*  
28 *patient is eligible for charity care or reduced payment under the*  
29 *hospital's charity care and reduced payment policy.*

30 *127430. (a) Prior to commencing collection activities*  
31 *against a patient, the hospital, any assignee of the hospital, or*  
32 *other owner of the patient debt, including a collection agency,*  
33 *shall provide the patient with a clear and conspicuous written*  
34 *notice containing all of the following:*

35 *(1) A plain language summary of the patient's rights pursuant*  
36 *to the Rosenthal Fair Debt Collection Practices Act, Title 1.6C*  
37 *(commencing with Section 1788) of Part 4 of Division 3 of the Civil*  
38 *Code, and the federal Fair Debt Collection Practices Act,*  
39 *Subchapter V (commencing with Section 1692) of Chapter 41 of*  
40 *Title 15 of the United States Code. The summary shall include a*

1 *statement that the Federal Trade Commission enforces the federal*  
2 *act.*

3 (2) *Information about nonprofit credit counseling services in*  
4 *the area.*

5 (3) *A statement that the patient may still obtain care at the*  
6 *hospital, despite the existence of the billing dispute.*

7 (b) *A hospital shall use reasonable efforts to negotiate a*  
8 *payment plan with the patient prior to undertaking any of the*  
9 *following actions:*

10 (1) *Selling or assigning a patient's account to any party,*  
11 *including a debt collection agency.*

12 (2) *Reporting nonpayment or any other negative information to*  
13 *a consumer credit reporting agency, as defined by Section 1785.3*  
14 *of the Civil Code.*

15 (3) *Commencing any civil action against the patient for*  
16 *nonpayment.*

17 (c) *For purposes of this section, reasonable efforts to negotiate*  
18 *a payment plan shall consist of two efforts to contact the patient*  
19 *by telephone and two efforts to contact the patient by mail.*

20 127435. (a) *Each hospital shall complete a charity care*  
21 *report to be filed in conjunction with the hospital's reports filed*  
22 *pursuant to subdivisions (a) to (e), inclusive, of Section 128735.*  
23 *A hospital operated, conducted, owned, or maintained by, or*  
24 *affiliated with, another organization shall identify that*  
25 *organization in its report to the office. For purposes of this article,*  
26 *"affiliated with" has the same meaning as in Section 5031 of the*  
27 *Corporations Code.*

28 (b) *The office shall develop a form for the report required*  
29 *pursuant to subdivision (a). This form shall include, but shall not*  
30 *be limited to, all of the following elements: the cost of charity care,*  
31 *the number of persons who received charity care, the number of*  
32 *persons who sought charity care, the type of care received, and*  
33 *other information that may be required by the office consistent with*  
34 *state and federal law.*

35 (c) *Each hospital shall provide to the office a copy of its charity*  
36 *care and reduced payment policy, eligibility procedures, review*  
37 *process, and procedure for determining reduced payments, in a*  
38 *format determined by the office.*

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